



INVERNESS PUBLIC UTILITY DISTRICT

FIRE DEPARTMENT ❖ WATER SYSTEM

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PUBLIC HEARING ON CHANGES IN WATER RATES AND CHARGES

- PURPOSE:** Receive public comment on and consider (act on) adopting changes in water rates and charges to be in effect for the period of 2022 to 2026
- WHEN:** Wednesday, November 17, 2021, 9:00 a.m.
- WHERE:** Inverness Firehouse, 50 Inverness Way North, Inverness, CA 94937

The Board of Directors of the Inverness Public Utility District is proposing changes to the Water System's rates and charges in order to adjust the Water System's revenues during the period 2022 through 2026 by the rate of inflation and to increase the Water System's revenues during a maximum of nine bimonthly billing periods beginning in January 2022 by instituting a "drought surcharge."

REASONS FOR THE PROPOSED INCREASE IN REVENUE

Over the past 12 years, the Water System's rates have been increased only twice for the purpose of providing additional revenue for ordinary operating expenses. These increases occurred in July 2009 and July 2020 (a two-stage increase in water rates that went into effect in January 2018 and July 2019 generated revenue that was dedicated primarily to infrastructure needs, such as replacement of aging storage tanks and a water main in Seahaven). The Board of Directors has determined that a more effective approach to funding cost-of-living increases in operating expenses is to provide for smaller, periodic adjustments that are tied to the rate of inflation. The Board is proposing to institute a one-time 2.7% increase in the Basic Charge only, to become effective beginning with the January/February 2022 billing period. Thereafter, beginning on July 1, 2023 (18 months later), all Water System rates and charges, including both the Basic Charge and the Usage Rates, would be adjusted annually to reflect the change in the Consumer Price Index for the preceding calendar year (using the Consumer Price Index for all Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose Area (1982-1984=100) as published by the U.S. Department of Labor, Bureau of Labor Statistics). Such annual CPI-U adjustments would occur thereafter on July 1, 2024, July 1, 2025, and July 1, 2026. No increase in water rates attributable to the change in the CPI-U will exceed 5% in any calendar year. The purpose of these adjustments would be to provide the revenue needed to fund normal increases in the Water System's day-to-day operating expenses.

The Board of Directors has also analyzed the fiscal impacts of the drought that has gripped our area for the past 2½ years. These impacts have included both reductions in income from customer revenues and increases in operating costs related to coping with the drought. Thus, the District's current budget (fiscal year 2021/22) projects a monthly operating deficit of \$8,058.25. Projected out to June 30, 2023, this would create a total deficit of \$193,398. An interfund allocation to the Water System from the District to cover the July-December 2021 portion of the deficit would defray \$48,350, and the increase in the Basic Charge of \$2.00 per month beginning in January 2022 (noted above) would raise an additional \$18,540. These items would trim the June 30, 2023, deficit to \$126,508. The Board is proposing to close the remaining gap by adopting a temporary drought surcharge of \$15 per month per customer for 18 months (January 2022 through June 2023). This would result in a narrow surplus of \$12,542 on June 30, 2023, at which time the surcharge is being set explicitly to go out of existence automatically.

BOARD OF DIRECTORS: **KENNETH EMANUELS**, PRESIDENT • **DAKOTA WHITNEY**, VICE PRESIDENT
KATHRYN DONOHUE, TREASURER • **BRENT JOHNSON** • **DAVID PRESS**


SHELLEY REDDING, ADMINISTRATOR • **JAMES K. FOX**, CHIEF OF OPERATIONS

Please be advised that, pursuant to Sec. 6 of Article XIII D of the Constitution of the State of California, notice is hereby given that the parcels upon which the proposed increases in water rates and charges are to be imposed are all parcels in Marin County served by a customer connection to the Inverness Public Utility District Water System. The amounts of the charges shall be determined on the basis of the Basic Charge and the volume of water used by each served parcel in each bimonthly billing period using the schedule of rates and charges shown on Page 4 of this notice.

HOW WILL THE AVERAGE BILL BE AFFECTED?

The proposed changes would add \$17.00 per month (\$34.00 per bimonthly bill) to the cost of water service for each full-paying (non-Lifeline) customer account, beginning in January 2022 and continuing through June 2023. Thereafter, for each full-paying customer account the proposed changes will result in a reduction in the cost of water service of \$15.00 per month, adjusted by the amount of the change in the CPI-U for the preceding calendar year (not to exceed an increase of 5%).

The typical single-family residential customer uses 9 units of water (approximately 6,700 gallons) per billing period. Compared to the current rates, that typical residential customer's cost for water will increase by 21.1% during the 18-month period of January 2022 through June 2023. Beginning in July 2023, assuming no intervening changes in rates and charges, that typical residential customer's cost of water will drop by at least 11.2%, which means that the increase in July 2023 from today's (2021) rates will be a maximum of 7.6% (depending on the amount of the July 2023 inflation adjustment).

NOTEWORTHY DETAILS OF THE PROPOSED CHANGES

- The 2.7% increase in the Basic Charge (from \$146 bimonthly to \$150 bimonthly) will apply to all full-paying customers effective on January 1, 2022 (and proportionately to Lifeline customers).
- The temporary drought surcharge of \$30 bimonthly will expire automatically after 18 months (at the end of June 2023). You can expect to see a decrease in your water bill at that time.
- The annual increase in water rates (beginning in July 2023) attributable to the change in the cost of living will be capped at 5% (even if the increase in the CPI is greater than 5%).
- Each customer will continue to receive up to 400 cubic feet (4 units) of water (approximately 50 gallons per day) at no charge during each two-month billing period; this base allotment of water is included in the Basic Charge.
- The bimonthly "Cross Connection Charge" (which is not being changed at this time) applies only to customers who have a water storage tank or other source of water (such as a well) on their property.

PUBLIC HEARING

A public hearing will be held at the Inverness Firehouse at 9:00 a.m. on Wednesday, November 17, 2021, to consider enactment of the proposed changes. You are cordially invited to participate and testify at the hearing or to mail your comments in advance to P.O. Box 469, Inverness, CA 94937-0469. For more information, visit the District's website (invernesspubd.org) or phone the District office at (415) 669-1414.

If you wish to protest against the proposed changes in fees and charges, you must submit your protest in writing prior to the close of the public hearing portion of the November 17, 2021, meeting. A written protest must legibly identify and be signed by the owner of (or the Water System customer of record for) the affected property, and must include a description of the property (Assessor's Parcel Number or Water System account number). Protests may be mailed, faxed, emailed (if appropriately signed), or

delivered to the applicable address shown at the top of Page 1 of this notice. Protests must be received prior to the close of the public hearing portion of the November 17, 2021, meeting. Only one protest will be accepted per customer service connection. If written protests are submitted by a majority of the affected property owners or customers, the proposed changes will not be imposed (you must submit your protest in writing even if you testify at the public hearing).

If the number of protests received does not meet the threshold that requires withdrawal of the proposal to change the rates and charges, the Board of Directors may immediately adopt an ordinance enacting the proposed changes in rates and charges to go into effect no earlier than January 1, 2022.

Calculations for Determining Amount of Drought Surcharge

Projected District deficit at 6/30/2023 (@ \$8,058.25/month from July 2021)	193,398
Interfund allocation to offset Jun – Dec 2021 portion of deficit	-48,350
Revenue from \$4 increase in Basic Charge beginning in January 2022	<u>-18,540</u>
Adjusted projected deficit at 6/30/2023	126,508
Revenue from \$30 bimonthly drought surcharge (Jan 2022 – Jun 2023)*	<u>-139,050</u>
Projected surplus at 6/30/2023	12,542
Amount of surplus per customer per billing period	\$2.71

* Based on 515 customers X \$30 per customer X 9 bimonthly billing periods (Jan/Feb 2022 - May/ Jun 2023).

SCHEDULE OF CURRENT RATES AND PROPOSED NEW RATES

CURRENT RATES (bimonthly) (as of 7/1/2020)	PROPOSED RATES (bimonthly) (to be in effect January 2022 - June 2023)
<u>Basic Charge (bimonthly)</u>	<u>Basic Charge + Surcharge (bimonthly)</u>
Regular 146.00	Regular 180.00
Lifeline: Very low income 73.00	Lifeline: Very low income 90.00
Lifeline: Extremely low income 36.50	Lifeline: Extremely low income 45.00
<u>Usage Rates (per ccf)</u>	<u>Usage Rates (per ccf)</u>
1-4 ccf ---	1-4 ccf ---
5-12 ccf 3.00	5-12 ccf 3.00
13-24 ccf 5.00	13-24 ccf 5.00
25-36 ccf 6.00	25-36 ccf 6.00
37-48 ccf 10.00	37-48 ccf 10.00
49-60 ccf 12.00	49-60 ccf 12.00
61 & up* 28.00	61 & up* 28.00
1 ccf = 748 gallons	1 ccf = 748 gallons
<u>Cross Connection Charge (bimonthly)</u>	<u>Cross Connection Charge (bimonthly)</u>
Each cross connection 12.00	Each cross connection 12.00

* This tier is not applicable to non-residential customer accounts, for which the top tier is 49 & up.

PROPOSED RATES (bimonthly) beginning in July 2023

Beginning in July 2023, the changes being proposed at this time would result in the Basic Charge for full-paying customer accounts being reduced from \$180 to \$150 bimonthly (to \$75 for very low income Lifeline, and to \$37.50 for extremely low income Lifeline), plus a cost-of-living adjustment based on calendar year 2022 (not to exceed an increase of 5%). The Usage Charge rates would also be modified in July 2023 by the same cost-of-living (CPI) adjustment.

Note: The Cross Connection Charge applies to customers who have a water storage tank or other source of water (such as a well) on their property.